

National Forge Company Holdings, Incorporated

			Projected Performance	
	NA	Int. Rate	2	Term (Yrs Remaining)
NY Foremansters Overdraft				
Beginning Balance	\$228	\$602	\$856	\$794
Principal Payment (Borrowing)	(374)	(254)	62	378
Prepayment	0	0	0	0
Interest Payment	44	58	64	51
Ending balance	602	856	794	416
Total P&I	(\$330)	(\$196)	\$126	\$429
MS Capital Equipment Lease	9.5%	Int. Rate	2	Term (Yrs Remaining)
Beginning Balance	\$1,282	\$1,203	\$1,211	\$990
Principal Payment (Borrowing)	79	(8)	221	443
Prepayment	0	0	0	0
Interest Payment	118	115	105	73
Ending balance	1,203	1,211	990	547
Total P&I	\$197	\$107	\$326	\$573
MS Capital Equipment Loan	NA	Int. Rate	7	Term (Yrs Remaining)
Beginning Balance	\$0	\$0	\$0	\$0
Principal Payment (Borrowing)	0	0	0	0
Interest Payment	0	0	0	0
Ending balance	0	0	0	0
Total P&I	\$0	\$0	\$0	\$0
Total Debt	9.5%	Avg Int Rate	6.11427782	Avg Term (Yrs Remaining)
Beginning Balance	\$35,398	\$29,609	\$21,819	\$15,394
Principal Payment (Borrowing)	\$5,789	\$7,789	\$6,425	\$7,225
Prepayment	\$0	\$0	\$0	\$0
Interest Payment	\$3,099	\$2,550	\$1,844	\$1,238
Ending balance	29,609	21,819	15,394	8,168
Total P&I	\$8,332	\$9,527	\$7,346	\$6,993
Short Term Debt	7,789	6,425	7,225	2,684
Long Term Debt	21,819	15,394	8,168	5,484

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National Forge Company Holdings, Incorporated

Projected Performance

12 Months	DEPRECIATION SCHEDULE					Residual
	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	
Capital Expenditures Req'd.	\$4,590	\$4,582	\$4,594	\$4,572	\$4,611	\$4,611
Total Depreciation on New Assets	\$459	\$917	\$1,377	\$1,834	\$2,295	\$2,756
Depreciation on Existing Assets	3,740	3,325	2,909	2,494	2,078	1,663
Total Depreciation Expense	\$ 2,802	\$ 3,122	\$ 3,363	\$ 3,637	\$ 3,912	\$4,419
Beginning Fixed Assets	\$27,757	\$29,545	\$31,005	\$32,236	\$33,171	\$33,870
Less: Depr. (see Assumptions page)	(2,802)	(3,122)	(3,363)	(3,637)	(3,912)	(3,912)
Plus: Capital Exp.	4,590	4,582	4,594	4,572	4,611	4,611
Ending Fixed Assets	\$29,545	\$31,005	\$32,236	\$33,171	\$33,870	\$34,569

**Exhibit C: Hypothetical ESOP Valuation – S Corporation
Capitalizing Taxes Saved for Ten Years**

National Forge Compar... Holdings, Incorporated

Projected Performance

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National Forge Company Holdings, Incorporated

Projected Performance

	12 Months					Projected Performance			
	Jun-97	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	
BALANCE SHEET									
ASSETS									
Cash & Short Term Investments	\$3,341	\$6,330	\$3,957	\$4,031	\$4,364	\$3,532	\$8,142	\$16,666	
Restricted Escrow		\$182	901	1,622	2,342	3,063	3,784	4,505	
Accounts Receivable	13,189	16,887	17,176	16,852	17,281	17,828	18,630	19,468	
Inventory	18,979	18,376	17,987	18,024	17,803	18,463	19,320	20,189	
Other Current Assets	703	777	677	663	655	673	666	666	
Total Current Assets	\$36,212	\$42,552	\$40,698	\$41,192	\$42,445	\$43,559	\$50,542	\$61,495	
Property, Plant & Equipment - Net	\$25,559	\$27,757	\$29,545	\$31,005	\$32,236	\$33,171	\$33,870	\$34,569	
Investments & Advances - Eq. Method	0	0	0	0	0	0	0	0	
Investments & Advances - Other	0	0	0	0	0	0	0	0	
Intangibles	4,619	10,373	9,808	9,257	8,706	8,156	7,605	7,054	
Deferred Charges	6,443	6,235	0	0	0	0	0	0	
Other Assets	10,463	9,837	9,742	9,430	9,150	8,891	8,656	8,656	
Total Assets	\$83,296	\$96,754	\$89,793	\$90,884	\$92,537	\$93,777	\$100,673	\$111,774	
LIABILITIES									
Debt in Current Liabilities	\$5,646	\$7,249	\$7,789	\$6,425	\$7,225	\$2,684	\$54	\$0	
Accounts Payable	4,589	6,363	5,467	5,354	5,452	5,736	5,878	6,143	
Income Taxes Payable	0	369	900	700	450	100	100	100	
Other Current Liabilities	8,333	9,355	8,470	8,749	8,752	8,757	8,753	8,753	
Total Current Liabilities	\$18,568	\$23,336	\$22,626	\$21,228	\$21,879	\$17,277	\$14,785	\$14,996	
Post Retirement Health Benefit Obligations	32,119	33,010	33,029	33,828	34,586	35,298	35,954	35,954	
Total Long Term Debt	9,561	22,270	21,819	15,394	8,168	5,484	5,430	5,430	
Deferred Taxes	0	0	0	0	0	0	0	0	
Post Retirement Pension Obligations	1,278	0	363	213	63	0	0	0	
Total Liabilities	\$61,526	\$78,616	\$77,838	\$70,663	\$64,697	\$58,059	\$56,169	\$56,380	
Preferred Stock	\$3,500	\$0	0	0	0	0	0	\$0	
Common Stock	3	5	8	9	9	9	9	9	
Capital Surplus	13,185	17,433	22,978	28,237	29,737	31,237	32,737	32,737	
Retained Earnings	5,282	1,333	(3,289)	641	8,576	16,885	26,307	37,198	
Less Treasury Stock, Contra Equity	(200)	(633)	(7,742)	(8,666)	(10,482)	(12,414)	(14,549)	(14,549)	
Total Equities	\$21,770	\$18,138	\$11,955	\$20,221	\$27,840	\$35,717	\$44,504	\$55,395	
Total Liabilities & Equities	\$83,296	\$96,754	\$89,793	\$90,884	\$92,537	\$93,777	\$100,673	\$111,774	

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National Forge Company Holdings, Incorporated

Projected Performance

		12 Months									
		Jun-96	Jun-97	Jun-98	INCOME STATEMENT						
		Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04				
Net Sales		\$94,821	\$94,099	\$96,061	\$98,780	\$103,028	\$107,664				
Cost of Goods Sold (Including COGS Deprac.		75,595	75,694	74,826	77,506	81,011	84,656				
Gross Profit		\$19,226	\$18,405	\$21,235	\$21,274	\$22,017	\$23,008				
SGA (Excl. Depr & Amort)		\$10,455	\$10,450	\$10,264	\$10,429	\$10,585	\$10,905				
SGA D&A (Incl. Financing Costs Amort.)		0	0	0	0	0	0				
Operating Income after Deprac.		\$8,771	\$7,955	\$10,971	\$10,845	\$11,432	\$12,103				
Other Expense (incl. Fin & Other Amort)	\$	(1,182)	(1,250)	(771)	(742)	(713)	\$				
Interest Income (NF Components)		10	22	32	42	52	52				
Interest (Expense)		(3,099)	(2,550)	(1,844)	(1,238)	(624)	(425)				
Special Item Income (Expense)		(8,677)	0	0	0	0	0				
Pretax Income		(\$4,177)	\$4,177	\$8,388	\$8,907	\$10,147	\$11,730				
Income Tax		(445)	(247)	(453)	(598)	(726)	(839)				
Net Income before E&D		(\$4,622)	\$3,930	\$7,935	\$8,309	\$9,421	\$10,891				
Extra. Income (Expense) & Disc. Operations		0	0	0	0	0	0				
Net Income after E&D		(\$4,622)	\$3,930	\$7,935	\$8,309	\$9,421	\$10,891				
Preferred Dividends		0	0	0	0	0	0				
Net Income to Common		(\$4,622)	\$3,930	\$7,935	\$8,309	\$9,421	\$10,891				

National Forge Company Holdings, Incorporated

Projected Performance

	12 Months				
	Jun-99	Jun-00	Jun-01	Jun-02	Jun-04
CASH STATEMENT BY ACTIVITY					
<i>Operating Activity</i>					
Working Capital (Uses)					
Deer (Incr) in Acct. Rec.	(\$289)	\$324	(\$429)	(\$547)	(\$802)
Deer (Incr) in Escrow	(719)	(721)	(720)	(721)	(721)
Deer (Incr) in Inventory	389	(37)	221	(660)	(857)
Deer (Incr) in Other CA	100	14	8	(18)	7
Deer (Incr) in Invest./Advances-Equity	0	0	0	0	0
Deer (Incr) in Invest and Goodwill	(565)	(551)	(551)	(550)	(551)
Deer (Incr) in Deferred Charges	6,235	0	0	0	0
Deer (Incr) in Other LT Assets	95	312	280	259	235
Incr (Deer) in Acct. Payable	(896)	(113)	98	284	142
Incr (Deer) in Taxes Payable	531	(200)	(250)	(350)	0
Incr (Deer) in Other Current Liab.	(885)	279	3	5	(4)
Pension Liability Increase	382	649	608	649	656
Other	37	37	45	43	45
Total WC (Uses)	\$4,415	(\$7)	(\$687)	(\$1,606)	(\$1,850)
Net Income (Loss)	(\$4,622)	\$3,930	\$7,935	\$8,309	\$9,421
Depreciation & Amort.	3,867	4,187	4,420	4,694	4,969
Net Cash From Operations	\$3,660	\$8,110	\$11,668	\$11,397	\$12,540
<i>Investment Activity</i>					
Less Capital Expenditures	(4,590)	(4,582)	(4,594)	(4,572)	(4,611)
<i>Financing Activities</i>					
Less Purchase of Treasury Stock (ESOP Rep)	(7,109)	(924)	(1,816)	(1,932)	(2,135)
Less Purchase Com. & Pref. Stock	5,548	5,260	1,500	1,500	1,500
Less Cash Dividends	0	0	0	0	0
Long-Term Debt Issuance	(451)	(6,425)	(7,225)	(2,684)	(54)
Current Debt Change	540	(1,364)	800	(4,541)	(2,630)
Other Financial Activity Cash Sources (Uses)	28	0	0	0	0
Net Cash Incr (Deer) from Financing	(\$1,443)	(\$3,453)	(\$6,741)	(\$7,657)	(\$3,319)
Cash and Equiv. Incr (Deer)	(2,373)	75	332	(832)	4,610
Change in Cash Balances	(2,373)	75	332	(832)	4,610
					8,525

National Forge Company Holdings, Incorporated

Projected Performance

	12 Months					Residual
	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	
CASH FLOWS						
Operating Income after non-ded. Depr.	\$8,186	\$7,370	\$10,386	\$10,260	\$10,847	\$12,103
Plus ESOP Contrib. incl. as Op. Exp.	5,545	5,259	1,500	1,500	1,500	0
Op. Inc. + ESOP Contrib.	\$13,731	\$12,629	\$11,886	\$11,760	\$12,347	\$12,103
Less C-Corp. Taxes @ 39%	(5,355)	(4,925)	(4,636)	(4,586)	(4,815)	(4,720)
Plus Depreciation & Amortization	3,867	4,187	4,420	4,694	4,969	4,969
LIFO charge Add-back	0	0	0	0	0	0
WC net of charge on Def Taxes	(2,757)	(7)	(687)	(1,606)	(1,850)	(1,613)
Less Capital Expenditures	(4,590)	(4,582)	(4,594)	(4,572)	(4,611)	(4,611)
Net Cash Flow	\$4,896	\$7,302	\$6,389	\$5,690	\$6,040	\$6,128
% of CF realized after 06/30/98	100%	100%	100%	100%	100%	100%
Cash Flow Applied to NPV	\$4,896	\$7,302	\$6,389	\$5,690	\$6,040	\$6,128
RESIDUAL VALUE						
Residual Value, assuming 4.5% long term growth of cash flows				Implied EBIT Multiple 5.0		CapFactor
UNLEVERAGED FIRM VALUE						
Unlev. Operating Free Cash Flow	\$4,896	\$7,302	\$6,389	\$5,690	\$6,040	
Residual Value	\$8,792	\$9,462	\$11,134	\$10,238	\$10,847	\$12,103
Total Cash Flows	\$63,688	\$66,763	\$67,523	\$69,423	\$72,374	
Unleveraged Cost of Equity	13.6%	13.6%	13.6%	13.6%	13.6%	
Unleveraged Firm Value (Jun-98)	\$56,084	\$58,792	\$59,462	\$61,134	\$63,733	
C-CORP VALUE OF TAX SHIELD VALUE FROM DEBT & ESOP IN CAPITAL STRUCTURE						
Pretax Income	(\$4,177)	\$4,177	\$8,388	\$8,907	\$10,147	\$11,730
Pre-Transaction ESOP Principal	5,545	5,259	1,500	1,500	1,500	0
Interest Expense	3,099	2,550	1,844	1,238	624	425
Pretax Unleveraged Income	\$4,467	\$11,986	\$11,732	\$11,645	\$12,271	\$12,155
Pretax Income (Leveraged)	(4,177)	4,177	8,388	8,907	10,147	11,730
Tax on Unleveraged Pretax Income	\$1,742	\$4,675	\$4,575	\$4,542	\$4,786	\$4,741
Tax on Leveraged Pretax Income	(1,629)	1,629	3,271	3,474	3,958	4,575
Tax Savings due to Interest + ESOP	\$3,371	\$3,046	\$1,304	\$1,068	\$828	\$166
NPV of Tax Shield (13.6% rate)	7,302	4,920	2,542	1,582	729	

The Taxes Saved in the Current year are not accounted for in the Tax Shield Calculation

The Tax Shields were calculated based on savings for the next ten years

National Forge Company Holdings, Incorporated

	Projected Performance				
	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02
S-CORP VALUE OF TAX SAVINGS					
Operating Income	\$8,186	\$7,370	\$10,386	\$10,260	\$10,847
Plus: ESOP Contribution	5,545	5,259	1,500	1,500	1,500
Adjusted Operating Income	\$13,731	\$12,629	\$11,886	\$11,760	\$12,347
Less: Total Taxes (UK & US) at 39%	\$5,355	\$4,925	\$4,636	\$4,586	\$4,815
Less: UK Taxes	(445)	(247)	(453)	(598)	(726)
Total Taxes Saved	\$4,910	\$4,678	\$4,183	\$3,988	\$4,089
Taxes Saved under C-Corp	\$3,371	\$3,046	\$1,304	\$1,068	\$828
Incremental Tax Savings	\$1,539	\$1,633	\$2,878	\$2,921	\$3,261
% Of Savings Applied	100%	100%	100%	100%	100%
Total Tax Savings Applied	\$1,539	\$1,633	\$2,878	\$2,921	\$3,261
NPV of Tax Shield (13.6% rate)	\$13,925	\$15,475	\$16,139	\$16,855	\$17,369

The Taxes Saved in the Current year are not accounted for in the Tax Shield Calculation

The Tax Shields were calculated based on savings for the next ten years

	SUMMARY				
	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02
Unleveraged Firm Value	\$36,084	\$58,792	\$59,462	\$61,134	\$63,733
C-Corp. PV of Interest & ESOP Tax Shield	7,302	4,920	2,542	1,582	729
S-Corp. PV of Incremental Tax Shield	13,925	15,475	16,139	16,855	17,369
PV Mitchell NOL, Unlevered	175	0	0	0	0
Market Capital Value	\$77,485	\$79,187	\$78,142	\$79,571	\$81,831
Less: Capital Debt + Buyout Debt	(\$35,398)	(\$29,609)	(\$21,819)	(\$15,394)	(\$8,168)
Less: Non-Tax Adjusted SAR Value	(\$2,087)	(\$2,240)	(\$2,468)	(\$2,974)	(\$2,974)
Plus: Excess Cash post Buyout	\$4,853	\$3,707	\$3,781	\$4,114	\$3,282
Total Mkt. Control Equity Value	\$44,850	\$51,050	\$57,640	\$65,320	\$73,970
Marketability Discount (5.0%)	(2,240)	(2,550)	(2,880)	(3,270)	(3,700)
Control Equity Value	\$42,610	\$48,500	\$54,760	\$62,050	\$70,270
(after Marketability Discount)					
Shares Outstanding	620	620	620	620	620
Per Share Value	68.76	78.27	88.37	100.14	113.40

National Forge Company Holdings, Incorporated

Projected Performance

	12 Months				Projected Performance			
	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03			
DEBT AMORTIZATION								
Total Debt	\$29,519							
Sum of Debt below	\$35,398							
NF Europe								
Beginning Balance	9.00%	Int. Rate	7	Term (Yrs Remaining)				
Principal Payment (Borrowing)	\$5,430	\$5,430	\$5,430	\$5,430	\$5,430			
Interest Payment	0	0	0	0	0			
Ending balance	495	474	458	442	425			
Total P&I	5,430	5,430	5,430	5,430	5,430			
	\$495	\$474	\$458	\$442	\$425			
Chase Term Loan								
Beginning Balance	8.50%	Int. Rate	7	Term (Yrs Remaining)				
Principal Payment (Borrowing)	\$21,411	\$16,846	\$10,459	\$5,585	\$525			
Prepayment	4,565	6,387	4,874	5,060	525			
Interest Payment	0	0	0	0	0			
Ending balance	1,820	1,432	889	475	45			
Total P&I	16,846	10,459	5,585	525	0			
	\$6,385	\$7,819	\$5,763	\$5,535	\$570			
MELF Pipeline & Cap Lease								
Beginning Balance	4.6%	Int. Rate	7	Term (Yrs Remaining)				
Principal Payment (Borrowing)	\$460	\$267	\$182	\$93	\$0			
Prepayment	193	85	89	93	0			
Interest Payment	0	0	0	0	0			
Ending balance	17	10	6	2	0			
Total P&I	267	182	93	0	0			
	\$210	\$95	\$95	\$95	\$0			
Buyout Loan								
Beginning Balance	10.6%	Int. Rate	5	Term (Yrs Remaining)				
Principal Payment (Borrowing)	\$5,582	\$4,706	\$3,529	\$2,353	\$1,176			
Prepayment	1,176	1,176	1,176	1,176	1,176			
Interest Payment	0	0	312	187	62			
Ending balance	561	436	2,353	1,176	0			
Total P&I	4,706	3,529	\$1,488	\$1,363	\$1,239			
	\$1,738	\$1,613						
NIS Overdraft Reserve								
Beginning Balance	7.0%	Int. Rate	1	Term (Yrs Remaining)				
Principal Payment (Borrowing)	\$705	\$555	\$152	\$149	\$74			
Prepayment	150	403	3	75	74			
Interest Payment	0	0	0	0	0			
Ending balance	44	25	11	8	3			
Total P&I	555	152	149	74	0			
	\$194	\$428	\$14	\$83	\$77			

National Forge Company Holdings Incorporated

	NA Int. Rate	2	Projected Performance Term (Yrs Remaining)
NW Forgemasters Overdraft			
Beginning Balance	\$228 \$602	\$856	\$416
Principal Payment (Borrowing)	(374) (254)	62	362
Prepayment	0 0	0	0
Interest Payment	44 58	64	63
Ending balance	602 856	794	54
Total P&I	(\$330) (\$196)	\$126	\$425
	9.5% Int. Rate	2	Term (Yrs Remaining)
MS Capital Equipment Lease			
Beginning Balance	\$1,282 \$1,203	\$1,211	\$547
Principal Payment (Borrowing)	79 (8)	221	547
Prepayment	0 0	0	0
Interest Payment	118 115	105	73
Ending balance	1,203 1,211	990	547
Total P&I	\$197 \$107	\$326	\$573
	NA Int. Rate	7	Term (Yrs Remaining)
MS Capital Equipment Loan			
Beginning Balance	\$0 \$0	\$0	\$0
Principal Payment (Borrowing)	0 0	0	0
Interest Payment	0 0	0	0
Ending balance	0 0	0	0
Total P&I	\$0 \$0	\$0	\$0
	9.5% Avg Int Rate	6.114277818	Avg Term (Yrs Remaining)
Total Debt			
Beginning Balance	\$35,398 \$29,609	\$21,819	\$8,168
Principal Payment (Borrowing)	\$5,789 \$7,789	\$6,425	\$2,684
Prepayment	\$0 \$0	\$0	\$0
Interest Payment	\$3,099 \$2,550	\$1,844	\$624
Ending balance	29,609 21,819	15,394	5,484
Total P&I	\$8,332 \$9,527	\$7,346	\$1,808
Short Term Debt	7,789 6,425	7,225	54
Long Term Debt	21,819 15,394	8,168	5,430

National Forge Company Holdings, Incorporated

Projected Performance

	12 Months				Residual
	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03
DEPRECIATION SCHEDULE					
Capital Expenditures Req'd.	\$4,590	\$4,582	\$4,594	\$4,572	\$4,611
Total Depreciation on New Assets	\$459	\$917	\$1,377	\$1,834	\$2,295
Depreciation on Existing Assets	3,740	3,325	2,909	2,494	2,078
Total Depreciation Expense	\$ 2,802	\$ 3,122	\$ 3,363	\$ 3,637	\$ 3,912
Beginning Fixed Assets	\$27,757	\$29,545	\$31,005	\$32,236	\$33,171
Less: Depr. (see Assumptions page)	(2,802)	(3,122)	(3,363)	(3,637)	(3,912)
Plus: Capital Exp.	4,590	4,582	4,594	4,572	4,611
Ending Fixed Assets	\$29,545	\$31,005	\$32,236	\$33,171	\$34,569

**Exhibit D: Hypothetical ESOP Valuation – S Corporation
Capitalizing Taxes Saved in Perpetuity**

National Forge Company Holdings, Incorporated

Projected Performance

12 Months										
Jun-96	Jun-97	Jun-98	Assumptions							
Income Statement Assumptions										
Revenue Growth	(1.1%)	(0.2%)	8.0%							
Historical COGS as a % of Rev	79.5%	81.6%	79.7%							
Historical Gross Profit Margin	20.5%	18.4%	20.3%							
Historical Adj to COGS (in \$)	\$0	\$0	80.4%							
Going-forward COGS as a % of Rev	79.5%	81.6%	77.9%							
Going-forward Gross Profit margin	20.5%	18.4%	22.1%							
Historical SGA as a % of Rev (b4 Depr)	10.2%	10.4%	19.6%							
Historical Adj to SGA (in \$)	\$0	\$0	11.1%							
Going-forward SGA % of Rev. (b4 Depr)	10.2%	10.4%	10.7%							
Tax Rate	33.6%	37.7%	39.0%							
Total Depr. (from schedule or input)	\$2,998	\$3,187	\$2,802							
Amortization	\$0	\$0	\$1,065							
Avg Depreciable Life (Future)			10 Years							
Avg Depreciable Life (Hist)										
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National Forge Company Holdings, Incorporated

Projected Performance

	12 Months					Projected Performance				
	Jun-97	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04		
BALANCE SHEET										
ASSETS										
Cash & Short Term Investments	\$3,341	\$6,330	\$3,957	\$4,031	\$4,364	\$3,532	\$8,142	\$16,666		
Restricted Escrow		\$182	901	1,622	2,342	3,063	3,784	4,505		
Accounts Receivable	13,189	16,887	17,176	16,852	17,281	17,828	18,630	19,468		
Inventory	18,979	18,376	17,987	18,024	17,803	18,463	19,320	20,189		
Other Current Assets	703	777	677	663	655	673	666	666		
Total Current Assets	\$36,212	\$42,552	\$40,698	\$41,192	\$42,445	\$43,559	\$50,542	\$61,495		
Property, Plant & Equipment - Net	\$25,559	\$27,757	\$29,545	\$31,005	\$32,236	\$33,171	\$33,870	\$34,569		
Investments & Advances - Eq. Method	0	0	0	0	0	0	0	0		
Investments & Advances - Other	0	0	0	0	0	0	0	0		
Intangibles	4,619	10,373	9,808	9,257	8,706	8,156	7,605	7,054		
Deferred Charges	6,443	6,235	0	0	0	0	0	0		
Other Assets	10,463	9,837	9,742	9,430	9,150	8,891	8,656	8,656		
Total Assets	\$83,296	\$96,754	\$89,793	\$90,884	\$92,537	\$93,777	\$100,673	\$111,774		
LIABILITIES										
Debt in Current Liabilities	\$5,646	\$7,249	\$7,789	\$6,425	\$7,225	\$2,684	\$54	\$0		
Accounts Payable	4,589	6,363	5,467	5,354	5,452	5,736	5,878	6,143		
Income Taxes Payable	0	369	900	700	450	100	100	100		
Other Current Liabilities	8,333	9,355	8,470	8,749	8,752	8,757	8,753	8,753		
Total Current Liabilities	\$18,568	\$23,336	\$22,626	\$21,228	\$21,879	\$17,277	\$14,785	\$14,996		
Post Retirement Health Benefit Obligations	32,119	33,010	33,029	33,828	34,586	35,298	35,954	35,954		
Total Long Term Debt	9,561	22,270	21,819	15,394	8,168	5,484	5,430	5,430		
Deferred Taxes	0	0	0	0	0	0	0	0		
Post Retirement Pension Obligations	1,278	0	363	213	63	0	0	0		
Total Liabilities	\$61,526	\$78,616	\$77,838	\$70,663	\$64,697	\$58,059	\$56,169	\$56,380		
Preferred Stock	\$3,500	\$0	0	0	0	0	0	\$0		
Common Stock	3	5	8	9	9	9	9	9		
Capital Surplus	13,185	17,433	22,978	28,237	29,737	31,237	32,737	32,737		
Retained Earnings	5,282	1,333	(3,289)	641	8,576	16,885	26,307	37,198		
Less Treasury Stock, Contra Equity	(200)	(633)	(7,742)	(8,666)	(10,482)	(12,414)	(14,549)	(14,549)		
Total Equities	\$21,770	\$18,138	\$11,955	\$20,221	\$27,840	\$35,717	\$44,504	\$55,395		
Total Liabilities & Equities	\$83,296	\$96,754	\$89,793	\$90,884	\$92,537	\$93,777	\$100,673	\$111,774		

National Forge Company Holdings, Incorporated

				12 Months						Projected Performance			
	Jun-96	Jun-97	Jun-98		Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04			
INCOME STATEMENT													
Net Sales	\$88,952	\$87,947	\$87,801		\$94,821	\$94,099	\$96,061	\$98,780	\$103,028	\$107,664			
Cost of Goods Sold (Including COGS Deprac.	72,608	69,932	71,634		75,595	75,694	74,826	77,506	81,011	84,656			
Gross Profit	\$16,344	\$18,015	\$16,167		\$19,226	\$18,405	\$21,235	\$21,274	\$22,017	\$23,008			
SGA (Excl. Depr & Amort)	\$9,045	\$9,622	\$9,125		\$10,455	\$10,450	\$10,264	\$10,429	\$10,585	\$10,905			
SGA D&A (Incl. Financing Costs Amort.)	0	0	0		0	0	0	0	0	0			
Operating Income after Deprec.	\$7,299	\$8,393	\$7,042		\$8,771	\$7,955	\$10,971	\$10,845	\$11,432	\$12,103			
Other Expense (incl. Fin & Other Amort)	(\$683)	(\$875)	(\$1,057)		\$ (1,182)	\$ (1,250)	\$ (771)	\$ (742)	\$ (713)	\$ -			
Interest Income (NF Components)	0	0	0		10	22	32	42	52	52			
Interest (Expense)	(3,053)	(2,224)	(1,958)		(3,099)	(2,550)	(1,844)	(1,238)	(624)	(425)			
Special Item Income (Expense)	0	0	0		(8,677)	0	0	0	0	0			
Pretax Income	\$3,563	\$5,294	\$4,027		(\$4,177)	\$4,177	\$8,388	\$8,907	\$10,147	\$11,730			
Income Tax	1,196	1,928	1,519		(445)	(247)	(453)	(598)	(726)	(839)			
Net Income before E&D	\$2,367	\$3,366	\$2,513		(\$4,622)	\$3,930	\$7,935	\$8,309	\$9,421	\$10,891			
Extra. Income (Expense) & Disc. Operations	0	0	-\$ (723)		0	0	0	0	0	0			
Net Income after E&D	\$2,367	\$3,366	\$1,790-		(\$4,622)	\$3,930	\$7,935	\$8,309	\$9,421	\$10,891			
Preferred Dividends	351	350	268		0	0	0	0	0	0			
Net Income to Common	\$2,016	\$3,016	\$1,522		(\$4,622)	\$3,930	\$7,935	\$8,309	\$9,421	\$10,891			

National Forge Company Holdings, Incorporated

Projected Performance

	12 Months							
	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04		
CASH STATEMENT BY ACTIVITY								
<i>Operating Activity</i>								
Working Capital (Uses)								
Deer (Incr) in Acct. Rec.	(\$289)	\$324	(\$429)	(\$547)	(\$802)	(\$838)		
Deer (Incr) in Escrow	(719)	(721)	(720)	(721)	(721)	(721)		
Deer (Incr) in Inventory	389	(37)	221	(660)	(857)	(869)		
Deer (Incr) in Other CA	100	14	8	(18)	7	0		
Deer (Incr) in Invest./Advances-Equity	0	0	0	0	0	0		
(Deer) Incr in Invest and Goodwill	(565)	(551)	(551)	(550)	(551)	(551)		
Deer (Incr) in Deferred Charges	6,235	0	0	0	0	0		
Deer (Incr) in Other LT Assets	95	312	280	259	235	0		
Incr (Deer) in Acct. Payable	(896)	(113)	98	284	142	265		
Incr (Deer) in Taxes Payable	531	(200)	(250)	(350)	0	0		
Incr (Deer) in Other Current Liab.	(885)	279	3	5	(4)	0		
Pension Liability Increase	382	649	608	649	656	0		
Other	37	37	45	43	45	1,102		
Total W/C (Uses)	\$4,415	(\$7)	(\$687)	(\$1,606)	(\$1,850)	(\$1,613)		
Net Income (Loss)	(\$4,622)	\$3,930	\$7,935	\$8,309	\$9,421	\$10,891		
Depreciation & Amort.	3,867	4,187	4,420	4,694	4,969	3,912		
Net Cash From Operations	\$3,660	\$8,110	\$11,668	\$11,397	\$12,540	\$13,190		
<i>Investment Activity</i>								
Less Capital Expenditures	(4,590)	(4,582)	(4,594)	(4,572)	(4,611)	(4,611)		
<i>Financing Activities</i>								
Less Purchase of Treasury Stock (ESOP Rep)	(7,109)	(924)	(1,816)	(1,932)	(2,135)	0		
Less Purchase Com. & Pref. Stock	5,548	5,260	1,500	1,500	1,500	0		
Less Cash Dividends	0	0	0	0	0	0		
Long-Term Debt Issuance	(451)	(6,425)	(7,225)	(2,684)	(54)	0		
Current Debt Change	540	(1,364)	800	(4,541)	(2,630)	(54)		
Other Financial Activity Cash Sources (Uses)	28	0	0	0	0	0		
Net Cash Incr (Deer) from Financing	(\$1,443)	(\$3,453)	(\$6,741)	(\$7,657)	(\$3,319)	(\$54)		
Cash and Equiv. Incr (Deer)	(2,373)	75	332	(832)	4,610	8,525		
Change in Cash Balances	(2,373)	75	332	(832)	4,610	8,525		

National Forge Company Holdings, Incorporated

Projected Performance

	12 Months					Residual
	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	
CASH FLOWS						
Operating Income after non-ded. Depr.	\$8,186	\$7,370	\$10,386	\$10,260	\$10,847	\$12,103
Plus ESOP Contrib. incl. as Op. Exp.	5,545	5,259	1,500	1,500	1,500	0
Op. Inc. + ESOP Contrib.	\$13,731	\$12,629	\$11,886	\$11,760	\$12,347	\$12,103
Less C-Corp. Taxes @ 39%	(5,355)	(4,925)	(4,636)	(4,586)	(4,815)	(4,720)
Plus Depreciation & Amortization	3,867	4,187	4,420	4,694	4,969	4,969
LIFO charge Add-back	0	0	0	0	0	0
WC net of charge on Def Taxes	(2,757)	(7)	(687)	(1,606)	(1,850)	(1,613)
Less Capital Expenditures	(4,590)	(4,582)	(4,594)	(4,572)	(4,611)	(4,611)
Net Cash Flow	\$4,896	\$7,302	\$6,389	\$5,690	\$6,040	\$6,128
% of CF realized after 06/30/98	100%	100%	100%	100%	100%	100%
Cash Flow Applied to NPV	\$4,896	\$7,302	\$6,389	\$5,690	\$6,040	\$6,128
RESIDUAL VALUE						
Residual Value, assuming 4.5% long term growth of cash flows				Implied EBIT Multiple 5.0		CapFactor
UNLEVERAGED FIRM VALUE						
Unlev. Operating Free Cash Flow	\$4,896	\$7,302	\$6,389	\$5,690	\$6,040	
Residual Value	\$8,792	\$9,462	\$11,134	\$10,260	\$10,847	\$12,103
Total Cash Flows	\$63,688	\$66,763	\$67,523	\$69,423	\$72,374	
Unleveraged Cost of Equity	13.6%	13.6%	13.6%	13.6%	13.6%	
Unleveraged Firm Value (Jun-98)	\$56,084	\$58,792	\$59,462	\$61,134	\$63,733	
C-CORP VALUE OF TAX SHIELD VALUE FROM DEBT & ESOP IN CAPITAL STRUCTURE						
Pretax Income	(\$4,177)	\$4,177	\$8,388	\$8,907	\$10,147	\$11,730
Pre-Transaction ESOP Principal	5,545	5,259	1,500	1,500	1,500	0
Interest Expense	3,099	2,550	1,844	1,238	624	425
Pretax Unleveraged Income	\$4,467	\$11,986	\$11,732	\$11,645	\$12,271	\$12,155
Pretax Income (Leveraged)	(4,177)	4,177	8,388	8,907	10,147	11,730
Tax on Unleveraged Pretax Income	\$1,742	\$4,675	\$4,575	\$4,542	\$4,786	\$4,741
Tax on Leveraged Pretax Income	(1,629)	1,629	3,271	3,474	3,958	4,575
Tax Savings due to Interest + ESOP	\$3,371	\$3,046	\$1,304	\$1,068	\$828	\$166
NPV of Tax Shield (13.6% rate)	7,302	4,920	2,542	1,582	729	

The Taxes Saved in the Current year are not accounted for in the Tax Shield Calculation

The Tax Shields were calculated based on savings for the next ten years

National Forge Company Holdings, Incorporated

S-CORP VALUE OF TAX SAVINGS	Projected Performance			
	Jun-98	Jun-99	Jun-00	Jun-01
Operating Income	\$8,186	\$7,370	\$10,386	\$10,260
Plus: ESOP Contribution	5,545	5,259	1,500	1,500
Adjusted Operating Income	\$13,731	\$12,629	\$11,886	\$11,760
Less: Total Taxes (UK & US) at 39%	\$5,355	\$4,925	\$4,636	\$4,586
Less: UK Taxes	(445)	(247)	(453)	(598)
Total Taxes Saved	\$4,910	\$4,678	\$4,183	\$3,988
Taxes Saved under C-Corp	\$3,371	\$3,046	\$1,304	\$1,068
Incremental Tax Savings	\$1,539	\$1,633	\$2,878	\$2,921
% Of Savings Applied	100%	100%	100%	100%
Total Tax Savings Applied	\$1,539	\$1,633	\$2,878	\$2,921
NPV of Tax Shield (13.6% rate)	\$17,871	\$18,856	\$18,878	\$18,865

The Taxes Saved in the Current year are not accounted for in the Tax Shield Calculation

The Tax Shields were calculated based on savings for the next ten years

SUMMARY:	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02
Unleveraged Firm Value	\$56,084	\$58,792	\$59,462	\$61,134	\$63,733
C-Corp. PV of Interest & ESOP Tax Shield	7,302	4,920	2,542	1,582	729
S-Corp. PV of Incremental Tax Shield	17,871	18,856	18,878	18,865	18,551
PV Mitchell NOL, Unlevered	175	0	0	0	0
Market Capital Value	\$81,432	\$82,569	\$80,882	\$81,582	\$83,014
Less: Capital Debt + Buyout Debt	(\$35,398)	(\$29,609)	(\$21,819)	(\$15,394)	(\$8,168)
Less: Non-Tax Adjusted SAR Value	(\$2,087)	(\$2,240)	(\$2,468)	(\$2,974)	(\$2,974)
Plus: Excess Cash post Buyout	\$4,853	\$3,707	\$3,781	\$4,114	\$3,282
Total Mkt. Control Equity Value	\$48,800	\$54,430	\$60,380	\$67,330	\$75,150
Marketability Discount (5.0%)	(2,440)	(2,720)	(3,020)	(3,370)	(3,760)
Control Equity Value	\$46,360	\$51,710	\$57,360	\$63,960	\$71,390
(after Marketability Discount)					
Shares Outstanding	620	620	620	620	620
Per Share Value	74.82	83.45	92.57	103.22	115.21

National Forge Company Holdings, Incorporated

Projected Performance

	12 Months				Term (Yrs Remaining)
	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03
DEBT AMORTIZATION					
Total Debt	\$29,519				
Sum of Debt below	\$35,398				
NI Europe					
Beginning Balance	\$5,430	\$5,430	\$5,430	\$5,430	\$5,430
Principal Payment (Borrowing)	0	0	0	0	0
Interest Payment	495	474	458	442	425
Ending balance	5,430	5,430	5,430	5,430	5,430
Total P&I	\$495	\$474	\$458	\$442	\$425
Chuse Term Loan					
Beginning Balance	\$21,411	\$16,846	\$10,459	\$5,585	\$525
Principal Payment (Borrowing)	4,565	6,387	4,874	5,060	525
Prepayment	0	0	0	0	0
Interest Payment	1,820	1,432	889	475	45
Ending balance	16,846	10,459	5,585	525	0
Total P&I	\$6,385	\$7,819	\$5,763	\$5,535	\$570
MELF Pipeline & Cap Lease					
Beginning Balance	\$460	\$267	\$182	\$93	\$0
Principal Payment (Borrowing)	193	85	89	93	0
Prepayment	0	0	0	0	0
Interest Payment	17	10	6	2	0
Ending balance	267	182	93	0	0
Total P&I	\$210	\$95	\$95	\$95	\$0
Buyout Loan					
Beginning Balance	\$5,882	\$4,706	\$3,529	\$2,353	\$1,176
Principal Payment (Borrowing)	1,176	1,176	1,176	1,176	1,176
Prepayment	0	0	0	0	0
Interest Payment	561	436	312	187	62
Ending balance	4,706	3,529	2,353	1,176	0
Total P&I	\$1,738	\$1,613	\$1,488	\$1,363	\$1,239
MS Overdraft Reserve					
Beginning Balance	\$705	\$555	\$152	\$149	\$74
Principal Payment (Borrowing)	150	403	3	75	74
Prepayment	0	0	0	0	0
Interest Payment	44	25	11	8	3
Ending balance	555	152	149	74	0
Total P&I	\$194	\$428	\$14	\$83	\$77

National Forge Company Holdin Incorporated

	NA	Int. Rate	2	Projected Performance
NW Forgemasters Overdraft				
Beginning Balance	\$228	\$602	\$856	\$794 \$416
Principal Payment (Borrowing)	(374)	(254)	62	378 362
Prepayment	0	0	0	0 0
Interest Payment	44	58	64	51 63
Ending balance	602	856	794	416 54
Total P&I	(\$330)	(\$196)	\$126	\$429 \$425

	9.5%	Int. Rate	2	Term (Yrs Remaining)
MS Capital Equipment Lease				
Beginning Balance	\$1,282	\$1,203	\$1,211	\$990 \$547
Principal Payment (Borrowing)	79	(8)	221	443 547
Prepayment	0	0	0	0 0
Interest Payment	118	115	105	73 26
Ending balance	1,203	1,211	990	547 0
Total P&I	\$197	\$107	\$326	\$516 \$573

	NA	Int. Rate	7	Term (Yrs Remaining)
MS Capital Equipment Loan				
Beginning Balance	\$0	\$0	\$0	\$0 \$0
Principal Payment (Borrowing)	0	0	0	0 0
Interest Payment	0	0	0	0 0
Ending balance	0	0	0	0 0
Total P&I	\$0	\$0	\$0	\$0 \$0

	9.5%	Avg Int Rate	6.114277818	Avg Term (Yrs Remaining)
Total Debt				
Beginning Balance	\$35,398	\$29,609	\$21,819	\$15,394 \$8,168
Principal Payment (Borrowing)	\$5,789	\$7,789	\$6,425	\$7,225 \$2,684
Prepayment	\$0	\$0	\$0	\$0 \$0
Interest Payment	\$3,099	\$2,550	\$1,844	\$1,238 \$624
Ending balance	29,609	21,819	15,394	8,168 5,484
Total P&I	\$8,332	\$9,527	\$7,346	\$6,993 \$1,808

Short Term Debt	7,789	6,425	7,225	2,684	54
Long Term Debt	21,819	15,394	8,168	5,484	5,430

National Forge Company Holdings, Incorporated

Projected Performance

12 Months	DEPRECIATION SCHEDULE					
	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Residual
Capital Expenditures Req'd.	\$4,590	\$4,582	\$4,594	\$4,572	\$4,611	\$4,611
Total Depreciation on New Assets	\$459	\$917	\$1,377	\$1,834	\$2,295	\$2,756
Depreciation on Existing Assets	3,740	3,325	2,909	2,494	2,078	1,663
Total Depreciation Expense	\$ 2,802	\$ 3,122	\$ 3,363	\$ 3,637	\$ 3,912	\$4,419
Beginning Fixed Assets	\$27,757	\$29,545	\$31,005	\$32,236	\$33,171	\$33,870
Less: Depr. (see Assumptions page)	(2,802)	(3,122)	(3,363)	(3,637)	(3,912)	(3,912)
Plus: Capital Exp.	4,590	4,582	4,594	4,572	4,611	4,611
Ending Fixed Assets	\$29,545	\$31,005	\$32,236	\$33,171	\$33,870	\$34,569